

When inflation then became the major problem, we were able to keep it within reasonable bounds by reducing demand. The goal, always elusive but always thought attainable, was the creation of price and employment stability within the context of steady growth, through the use of conventional economic instruments.

Those conventional instruments aren't working as well as they used to. The Economic Council of Canada commented recently that "in view of the gravity of the problem, there is a need for other techniques to complement traditional policies".

Arthur Burns, the Chairman of the Federal Reserve Board in the United States, recently expressed the same view when he said: "If an unemployment rate of 8 or 9 per cent is insufficient to bring inflation to a halt, then our economic system is no longer working as we once supposed. In the future, governmental efforts to achieve economic progress will need to encompass structural reforms as well as responsible monetary and fiscal policies."

The inadequacy of conventional techniques is the principal reason why the Government had to intervene in the economy so drastically in October with the imposition of income and price controls. The control period will not only help us to reduce the rate of inflation but will also give us the necessary time to reform our economic institutions, our attitudes and public policies. The nature of that reform is the subject of the debate in which we are now engaged.

The gravity of the problem is not defined by inflation and unemployment alone. There is also a need for structural and rather basic changes in the way we seek to ensure an adequate and reliable supply of the energy and food that are needed in increasing volume by ourselves and the people of other nations.

We need better ways to control pollution and urban congestion, to reduce the human and dollar cost of traffic accidents -- better means of improving the lives of low-income families, improving labour-management relations, balancing the competing power of big business, big labour and big government.

So let's take a closer look now at some of these problem areas, to better appreciate the nature of the challenge we face, the nature of the opportunities we have to prove once again that Canada, when challenged, can respond with strength, unity and confidence.

Solving Canada's energy-supply problem is a matter of critical concern to the Government, and must become a concern of every Canadian.

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